

~~SECRET~~

ANNUAL REPORT

INSURANCE BRANCH

BENEFITS AND SERVICES DIVISION

OFFICE OF PERSONNEL

~~SECRET~~

~~SECRET~~

## Section I

### Major Accomplishments and Significant Developments

1 July 1960 - 30 June 1961

Attached, as part of this report, is a summary of Insurance activity during the reporting period. This shows to some degree the increased workload that has developed and is still existent, due primarily to the implementation of the new Federal Employees Health Benefits Program.

It is very difficult, if well-nigh impossible, to accurately picture the man-hours required in handling various functions in this Branch, since each application, each claim, and even each informational telephone call is based on a different set of facts and is therefore handled as a separate complete problem. Time spent on each such case varies to a great extent, especially in the field of claims. It becomes obvious that even if work measurement were possible, because of these variances, an accurate assessment of time spent in processing applications and claims would be most difficult. As an example, on an application for life insurance, it is not unknown for as many as ten phone calls to be required to obtain such items as additional money, medical information or to obtain true or pseudonyms, as the case may be.

The same applies to reporting of time spent by the Branch Chief in discussions and counseling on individual problems regarding the personal programs of Agency employees of all grade levels. For example, the Branch Chief presently has been requested to review and advise regarding the retention of four outside individual hospitalization contracts on the life of a dependent of one of our top officials. This is especially true regarding the briefings of the members of the Emergency Task Force by the Chief.

These facts are presented merely to help the recipients of these reports obtain a complete picture of the complexity of the Insurance operation, as opposed to the idea that because volume is involved in production, work is strictly of the routine "production-line" nature.

#### Insurance Program in General

During the past year certain GEHA programs have shown significant growth, each of which is detailed in the following paragraphs.

~~SECRET~~

~~SECRET~~

The last report (1960-1961) showed the work necessary to putting into effect the Federal Employees Health Benefits Program. During this current year the full impact of the tremendously increased volume of work associated with the program has been felt. The number of policyholders of the Association Plan (Mutual of Omaha) has increased 25% in number, with the work in settling claims nearly doubled due to the complexities of the Major Medical facet of the program.

Apparently as a result of the last "return of premiums" to all UBLIC policyholders, enrollment in that program increased about 4%, with an increase in force of about \$1,732,500.00. Every indication presently points to a continued increase in this program.

The WAEPA life insurance program also enjoyed a steady increase of \$607,500.00. Death claims under both life insurance programs were twelve for a total of \$168,000.00.

All of the other plans administered by GEHA (the Insurance Branch) showed a steady increase in membership, except the Emergency Travel, Specified Diseases, and Travel-Matic programs which showed a slight decrease

Due to the fact that the Federal Employees Health Benefits Act of 1959 prohibited hospitalization coverage for our contract type of employees, the Agency made available to these people a hospitalization contract similar to the High Option Plan under GEHA. This, of course, terminated the old Ten-Up Hospitalization Plan of insurance which had previously been offered to contract type employees. The enrollment in the new Contract Hospitalization reflects about 62% increase in enrollment over the old Ten-Up Hospitalization Plan.

Specific Major Accomplishments:

1. The third return of premiums to UBLIC policyholders whose coverage was in force on 31 July 1960, was accomplished without additional help. This was completed before Christmas with about [REDACTED] policyholders receiving checks in the amount of \$62,716.24.

2. A new Chapter to be added to the gray "Association Insurance Programs" booklet, dealing with all phases, in detail, of the new Federal Employees Health Benefits Act "ASSOCIATION" hospitalization and surgical plan, was developed by the Branch Chief and submitted for coordination. It is anticipated that it will be printed and distributed in the near future.

3. Since the new hospitalization and surgical coverage became effective 10 July 1960, the various forms associated

~~SECRET~~

~~SECRET~~

with the previous Mutual (GEHA) plan will no longer be of use. Hence a screening of folders, by which all such unnecessary material is removed from folders and boxed for storage at the records center has been 75% completed. It involves upwards of [REDACTED] folders.

25X9

25X1C4e

[REDACTED]

The volume and work involved has increased greatly, as evidenced by the fact that in the first half of the past year 44 advances were made, with this number reaching 91 during the last six months. During the year, 135 advances were made for a total amount of \$14,567.50.

5. Due to the difficulty of many employees in understanding the Major Medical portion of the Association Plan, and to assist the Branch in being able to process claims more expeditiously, as a result of their being submitted in proper form, a booklet "The Association Benefit Plan - Record of Medical Expenses - Instructions for Filing Claims" was developed by the Branch Chief and distributed to all employees.

6. During the past year, numerous lectures, as indicated on the attached statistical report, were given to all E.O.D.'s by representatives of the Branch. In addition, the Branch Chief lectured to individual groups, such as recruiters, personnel officers of components, as well as to those attending the Personnel Officer Training Course. Briefings continue to be given to groups and individuals departing from and returning to headquarters. Representatives of the Branch continue to staff the GEHA booth in the Support Exhibit. A great deal of time was and will continue to be spent, on the part of the Branch Chief, in discussions with individual members of the Emergency Task Force on insurance matters, as well as with individual employees of all grades on their own personal insurance problems.

7. The regular semi-annual microfilming of the Insurance Branch records for the Vital Documents file was completed on April 29, 1961.

8. An audit of the Insurance Branch records by a representative of the Audit Staff, covering the year ending 31 December 1960 was completed in May 1961.

9. The period from January 1960 to June 30, 1961, saw most of the planning for the operational phases of the new

~~SECRET~~

~~SECRET~~

health (FEHBA) plan "Open Period" completed. Numerous meetings were held with representatives of Fiscal Payroll, Comptroller, and Finance with regards the financial implications involved. Revised Civil Service Commission brochures of the Association Plan available to Agency employees were prepared for headquarters and the field. In addition, other media of information regarding the new coverages and increased rates were also prepared by the Branch Chief.

25X9

10. Following the July 10, 1960 effective date of the new FEHBA Program, approximately [REDACTED] Registration forms were processed, together with the accompanying work supplemental to the actual drive period. A great deal of overtime was worked in lowering the extensive backlogs that developed. The Branch Chief and Deputy Branch Chief worked 116 hours of compensatory time, while other personnel worked 1,120 hours overtime on this project.

11. During this closing period of the fiscal year, the obvious questions and phone calls for information have resulted in an indescribable consumption of time. It follows that these inquiries stem from the additional information required in connection with claims, the new "Open Period" etc. Consequently, it has been necessary to assign an additional employee to the receptionist duties.

12. The Branch Chief, as Vice President, and the Deputy Branch Chief, as Secretary-Treasurer of GEHA, provided the Division Chief, and the Board of Directors with constant detailed statistical reports for use in deliberating policies involving the insurance program. Minutes and reports of the regular Board meetings constitute further duties required, together with the preparation of notices, ballots, and other functions associated with the annual election of GEHA officers.

13. Following the start of the new FEHBA program, it was determined that similar coverage would be made available to contract types of employees. The necessary forms, information, etc. were prepared and distributed by the Branch. Numerous conferences with Finance, Machine Records, etc. were attended by Branch representatives. The old "Ten-Up" contract was cancelled and all transferred to the new plan. This project was completed during the year.

25X9

14. As a result of the cancellation of the old Mutual Plan at the time of the inception of the Association Plan, a large number of refunds were due to policyholders who had been paid beyond July 9, 1961, the cut-off date. This project was completed with approximately [REDACTED] refunds, in the amount of \$95,000.00 being made.

~~SECRET~~

~~SECRET~~

15. The Branch Chief, in cooperation with representatives 25X1A  
of the Office of Security and of Central Cover Division.



25X1C4e

The following Section reflects a report of the operational activities of this Branch for the reporting period.

~~SECRET~~

~~SECRET~~SUMMARY OF INSURANCE ACTIVITY

1 July 1960 - 30 June 1961

Type of CoverageWAEPA

New Applications			25X9A2
Reinstatements	1		
Cancellations	95		
Policies in Force			25X9A2
Insurance in Force	\$17,232,500.00		
Claims (1)	\$ 120,000.00		

UBLIC

New Applications			25X9A2
Reinstatements	5		
Cancellations	105		
Policies in Force			25X9A2
Insurance in Force	\$29,197,500.00		
Claims (2)	\$ 48,000.00		

Total Life Insurance . . . . . \$46,430,000.00

MUTUAL (Old and New)

Policies in Force			25X9A2
Claims Paid	\$ 1,114,607.59		
No. of Claims			
Average per Claim	\$		25X9

AIR FLIGHT

New Applications	625
Cancellations (3)	579
Policies in Force	625
Claims Paid	0
No. of Claims	0

- 
- (1) Eight Deaths (eight at \$15,000.00)  
 (2) Four Deaths (one at \$3,000.00, and three at \$15,000.00)  
 (3) All policies automatically cancel after being in force one year.

~~SECRET~~

Type of Coverage (continued)

INCOME REPLACEMENT

New Applications	42
Cancellations	22
Policies in Force	201
No. of Claims	10
Claims Paid	\$ 5,335.71
Reinstatements	0

SPECIFIED DISEASES

New Applications	150
Reinstatements	2
Cancellations	226
Policies in Force	██████████
No. of Claims	11
Claims Paid	\$ 1,699.79

25X9

TRAVEL-MATIC

New Applications	124
Reinstatements	0
Cancellations	61
Policies in Force	292

EMERGENCY TRAVEL

New Applications	48
Cancellations	65
Policies in Force	85
No. of Claims	5
Claims Paid	\$ 3,434.16

TEN-UP HOSPITALIZATION

New Applications	15
Reinstatements	0
Cancellations	182
Policies in Force	0
No. of Claims	31
Claims Paid	\$ 3,776.49
Average per Claim	\$ 121.82

(NEW) CONTRACT HOSPITALIZATION

New Applications	██████████
Cancellations	27
Policies in Force	██████████
No. of Claims	54
Claims Paid	\$ 7,492.11
Average per Claim	\$ 138.74

25X9A2

25X9A2



~~CONFIDENTIAL~~

Type of Coverage (continued)

TEN-UP LIFE

New Applications	23
Cancellations	13
Policies in Force	78
Insurance in Force	\$390,000.00
Claims Paid	\$ 5,000.00

FLITE PLAN

New Applications	48
Cancellations	19
Policies in Force	68

MILITARY AIR FLIGHT TRIP

New Applications	120
Cancellations	117
Policies in Force	4

Miscellaneous

ADVANCES FOR HOSPITALIZATION

Number Made	135
Amount	\$ 14,567.50

TALKS TO NEW E.O.D.'s

Number of Talks	50
Number in Attendance	

25X9

~~CONFIDENTIAL~~

~~SECRET~~

~~CONFIDENTIAL~~

Section II.

Specific Plans for Fiscal Year 1962

(7/1/61 - 6/30/62)

1. In conjunction with the new "Open Period" for Association Plan enrollments (October 1-16, 1961), a revised brochure will be finally prepared, printed, and distributed. The distribution, receipt, and processing of the registration forms during the drive, from those wishing to change plans, will be accomplished with what is hoped will be a minimum of backlogs of other work. Other media, such as all-station notices regarding increased rates, etc., will be prepared and distributed.
2. Final stripping of all folders, of material dealing with old Mutual, will be accomplished, with such material being sent to Archives.
3. The final printing and distribution of the new Chapter on the "Association Plan" will be completed, such chapter then to become a permanent part of the insurance booklet, "Association Insurance Programs."
4. It is reasonable to assume that some time before the end of the calendar year 1961, another "Return of Premiums" to UBLIC policyholders will be effected.
5. It is hoped and anticipated that both the new Division Chief, and the Branch Chief, may be afforded the opportunity for an orientation trip to the home offices of Mutual of Omaha. This would prove of great value to both, in completing all future negotiations and conduct of business.
6. Plans concerning the move, to the knowledge of the Branch, are very indefinite so far, except for the fact that we will be remaining in town. It is hoped that in the new space, even if we remain in one of these "tempo" buildings, a cage area can be arranged for. It is quite a problem to have a security check of nearly 40 safes (4-drawer), when all but one doing such check are female.
7. In connection with the new building, the Branch would like to point out the need for a room for the use of the Chief or Deputy Chief on certain days, so that discussions with individuals can be conducted on the spot. Privacy is necessary on most occasions because of either the personal or covert nature of the discussions.
8. The Branch recommends an overseas trip by a representative of GEHA to the WE and EE areas for the purpose of orienting personnel regarding the new health insurance programs, especially in view of the many changes, etc. available to overseas personnel.

~~SECRET~~

~~CONFIDENTIAL~~

~~SECRET~~  
~~CONFIDENTIAL~~

Section III

Projected Work-Load Statistics  
for Fiscal 1962 - 1963

1. No significant changes are contemplated at this time for Fiscal 1963, other than the normal increase in the over-all insurance program, with its necessary accompanying increased work-loads.

~~CONFIDENTIAL~~

~~SECRET~~